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ARAFURA RARE EARTHS LIMITED

ABN 22 080 933 455

OPTIONS PROSPECTUS

For the offer of 1 free New Option to the Placement Investors for every 2 Shares subscribed for under the Placement, up to a maximum of 78,125,000 New Options.

No funds will be raised as a result of the Placement Offer unless New Options are exercised in due course.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

YOU SHOULD READ THIS PROSPECTUS IN IN ITS ENTIRETY BEFORE DECIDING WHETHER TO APPLY FOR NEW OPTIONS.

IF YOU DO NOT UNDERSTAND ANY PART OF THIS PROSPECTUS, OR ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER WITHOUT DELAY.

NEW OPTIONS OFFERED BY THIS PROSPECTUS SHOULD BE CONSIDERED SPECULATIVE IN NATURE.

Not for release to US wire services or distribution in the United States, except by the Company to Placement Investors

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IMPORTANT INFORMATION

About this Prospectus

This Prospectus is dated 15 December 2023 and was lodged with ASIC on that date. ASIC and ASX take no responsibility for the contents of this Prospectus.

The New Options offered pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus.

The expiry date of this Prospectus is 5.00pm (AEDT) on the date that is 13 months after the date of this Prospectus (**Expiry Date**). No New Options will be issued on the basis of this Prospectus after the Expiry Date.

This Prospectus is a transaction specific prospectus for an offer to acquire continuously quoted securities (as defined in the Corporations Act) (or options over them) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as a full form prospectus. In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom Placement Investors may consult.

It is important that Placement Investors read this Prospectus in its entirety and seek professional advice where necessary.

The New Options offered under this Prospectus should be considered speculative in nature. You should be aware that dealing in and exercising the New Options (and being issued Shares on exercise) involves risks. Various risks may also affect the future operating and financial performance of the Company and the value of an investment in the Company. Some of these risks are listed in Section 4 of this Prospectus. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser in relation to any decision to deal in or exercise the New Options issued pursuant to this Prospectus.

The potential tax effects of receiving, dealing in or exercising the New Options will vary between each Placement Investor. All Placement Investors should satisfy themselves of any possible tax consequences by consulting their own professional tax advisers.

The Company will apply for Official Quotation by ASX of the New Options offered by this Prospectus.

A copy of this Prospectus is available for inspection at the registered office of the Company at Level 6, 432 Murray Street, Perth, Western Australia 6000, during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 5.3).

Any revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of GST, unless otherwise disclosed.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Placement Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Placement Offer. Neither the Company nor any other person warrants the future performance of the Company or any return on any investment made under this Prospectus, except as required by law, and then only to the extent so required.

Forward-looking statements

This Prospectus may contain forward-looking statements which are identified by words such as ‘may’, ‘could’, ‘believes’, ‘estimates’, ‘targets’, ‘expects’, or ‘intends’ and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, and its Directors and management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and Placement Investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause actual results to differ materially from the result expressed or anticipated in these statements. For more information, please refer to Section 4.

Target Market Determination

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of New Options issued under this Prospectus. The Company will only distribute this Prospectus to those investors who fall within the target market determination (**TMD**). A copy of the TMD has been released to ASX and is available on the Company's website (www.arultd.com).

By making an application under the Placement Offer, you warrant that you have read and understood the TMD and that you fall within the target market set out in the TMD.

Investment advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for New Options under this Prospectus.

Restriction on the distribution of this Prospectus

The distribution of this Prospectus, and the offer of securities under this Prospectus, in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should observe any such restrictions, including those set forth in Section 1.3. Any failure to comply with these restrictions may constitute a violation of those laws.

No exposure period

No exposure period applies to this Prospectus by operation of ASIC Corporations (Exposure Period) Instrument 2016/74.

Electronic prospectus

If you have received this Prospectus as an electronic prospectus together with an Application Form, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company on + 61 (0) 8 6370 2800 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary prospectus or any of those documents were incomplete or altered.

Australian dollars

Unless otherwise specified, all references to "$" are references to Australian dollars.

Defined terms and abbreviations

Terms and abbreviations used in this Prospectus are defined in the Glossary of Terms at the end of this Prospectus.

Privacy

The Company and the Registry collect, hold and use certain personal information to assess your application, service your needs, provide facilities and services that you request and carry out appropriate administration.

Company and tax law requires some of the information to be collected. If you do not provide the information requested, your application may not be able to be processed efficiently, if at all.

Under the *Privacy Act 1988* (Cth), you may request access to your personal information held by or on behalf of the Company. You can request access to your personal information or obtain further information about the Company's management practices by contacting the Registry or the Company. If the Registry's record of your personal information is incorrect or out of date, it is important that you contact the Company or the Registry so that records can be corrected.

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CORPORATE DIRECTORY

Directors

Mark Southey	Non-Executive Chairman
Gavin Lockyer	Managing Director
Chris Tonkin	Non-Executive Director
Cathy Moises	Non-Executive Director
Darryl Cuzzubbo	Non-Executive Director

Securities Exchange Listing

Australian Securities Exchange
Home Branch – Perth
Level 40, Central Park
152-158 St George's Terrace
Perth, WA 6000

Company Secretary

Catherine Huynh

ASX Code

ARU

Principal and Registered Office

Level 6, 432 Murray Street
Perth, WA 6005
Tel: + 61 (0) 8 6370 2800

Company Website

http://www.arultd.com

Share Registry

Link Market Services Limited
Locked Bag A14
Sydney South, NSW 1235
Tel: 1300 554 474

Lawyers to the Company

Johnson Winter Slattery
Level 49, Central Park
152-158 St Georges Terrace
Perth, WA 6000

INDICATIVE TIMETABLE FOR THE OFFER*

Prospectus lodged with ASIC released on ASX	Friday 15 December 2023
Opening date of Placement Offer	Friday 15 December 2023
Closing Date of Placement Offer	5.00pm (AEDT) on Monday 18 December 2023
Appendix 2A lodged with ASX for New Options	Before 12.00pm (AEDT) on Tuesday 19 December 2023
New Options issue date and dispatch of holding statements	Wednesday 20 December 2023
Expected quotation of New Options	Wednesday 20 December 2023

* These dates are indicative only. Subject to the Corporations Act, ASX Listing Rules and other applicable laws, the Company reserves the right to vary any or all of the dates and times of the Placement Offer or to withdraw the Placement Offer without any prior notice.

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1. Details of the Placement Offer

1.1 Background

On 13 December 2023 and 14 December 2023, the Company announced to ASX a placement of fully paid ordinary shares (**New Shares**) to the Placement Investors to raise $25 million (before costs) (**Placement**).

A total of 156,250,000 New Shares will be issued under the Placement to the Placement Investors on or around 20 December 2023 at an issue price of $0.16. The New Shares will be issued under the Company's ASX Listing Rule 7.1 placement capacity and will not require Shareholder approval.

Funds raised under the Placement will be used (with the Company's existing funds) to continue the development of the Company's Nolans Project (such uses to include integrated project management team costs (including KBR), detailed engineering (including Hatch) and ECI works to advance detailed design and construction planning, procurement of certified vendor data and equipment to support detailed engineering, site overheads, ESG, technology and business development and exploration, corporate costs and other project costs) and for general working capital purposes.

As noted in the Company's ASX announcements dated 13 December 2023 and 14 December 2023, the terms of the Placement provided that one (1) free attaching Option in the Company would be issued to the Placement Investors for every two (2) New Shares subscribed for under the Placement (**New Options**), and that such offer would be made under a prospectus to be lodged with ASIC (and released to ASX). Each New Option offered will be exercisable at $0.225 per Share on or before the date which is 18 months from the date of issue.

The issue of the New Options will also be carried out under the Company's ASX Listing Rule 7.1 placement capacity and will not require Shareholder approval.

No funds will be raised through the issue of the New Options pursuant to this Prospectus. However if all of the New Options are ultimately exercised, the Company will receive approximately $17.58 million (before costs) which will be used to further progress development of the Company's Nolans Project and for general working capital purposes.

By this Prospectus, the Company is making an offer, by invitation only, to the Placement Investors to subscribe for a total of up to 78,125,000 New Options so that the New Options issued to the Placement Investors will be freely tradeable (and the Shares issued on exercise of those New Options will be freely tradeable due to the operation of ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80) (**Placement Offer**). The Placement Offer is not open to the general public and Application Forms will only be provided to the Placement Investors. The number of New Options offered to the Placement Investors will be rounded down to the nearest whole number of New Options.

The Company will apply for quotation of all New Options issued under this Prospectus on the ASX. See Section 2.2 for further information.

All of the Shares issued upon the future exercise of the New Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 5.5 of this Prospectus for further information regarding the rights and liabilities attaching to the Shares.

Details of the purpose and effect of the Placement Offer are set out in Section 3 of this Prospectus.

1.2 Placement Offer only to Placement Investors

The Placement Offer is being extended to the Placement Investors only by invitation from the Company.

Each person applying for New Options under this Prospectus represents and warrants that it (and any person for whom it is acting):

- is a Placement Investor;
- understands that the New Options and the underlying Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, such securities may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws;
- is not acquiring the New Options and the underlying Shares with a view to any distribution thereof;
- is knowledgeable in relation to the business of the Company and capable of evaluating the merits and risks of an investment in the New Options and the underlying Shares, including income tax consequences of acquiring and disposing of the securities;
- has been afforded access to information about the New Options and the underlying Shares and the Company, including this Prospectus prepared by the Company and publicly available information filed by the Company that can be obtained from the ASX's website (www.asx.com.au);
- understands that any acquisition of New Options and the underlying Shares involves a degree of risk; and
- is able to bear the economic risk of any investment in the New Options and the underlying Shares.

1.3 Foreign jurisdictions

This Prospectus does not constitute an offer of New Options or underlying ordinary shares of the Company in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the New Options may not be offered or sold, in any country outside Australia except to the extent permitted below.

(a) **Canada (British Columbia, Ontario and Quebec provinces)**

This Prospectus constitutes an offering of New Options only in the Provinces of British Columbia, Ontario and Quebec (**Provinces**), only to persons to whom New Options may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This Prospectus is not a prospectus, an advertisement or a public offering of securities in the Provinces. This Prospectus may only be distributed in the Provinces to persons who are "accredited investors" within the meaning of National Instrument 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

No securities commission or authority in the Provinces has reviewed or in any way passed upon this Prospectus, the merits of the New Options or the offering of the New Options and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Options or the resale of such securities or the underlying ordinary shares. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Options and the underlying ordinary shares in the Provinces must be made in accordance with applicable Canadian securities laws. While such resale restrictions generally do not apply to a first trade in a security of a foreign, non-Canadian reporting issuer that is made through an exchange or market outside Canada, Canadian purchasers should seek legal advice prior to any resale of the New Options and the underlying ordinary shares.

The Company as well as its Directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within

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Canada upon the Company or its Directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this Prospectus has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this Prospectus are in Australian dollars.

Statutory rights of action for damages and rescission. Securities legislation in certain Provinces may provide a purchaser with remedies for rescission or damages if an offering memorandum contains a misrepresentation, provided the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's Province. A purchaser may refer to any applicable provision of the securities legislation of the purchaser's Province for particulars of these rights or consult with a legal adviser.

Certain Canadian income tax considerations. Prospective purchasers of the New Options should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Options and the underlying ordinary shares as there are Canadian tax implications for investors in the Provinces.

Language of documents in Canada. Upon receipt of this Prospectus, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Options (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement*.

(b) **Hong Kong**

WARNING: This Prospectus has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (**the SFO**). Accordingly, this Prospectus may not be distributed, and the New Options may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Options has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Options that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Options may sell, or offer to sell, such securities or the underlying ordinary shares in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Prospectus have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this Prospectus, you should obtain independent professional advice.

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(c) **New Zealand**

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (**FMC Act**).

The New Options are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

(d) **Norway**

This Prospectus has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007 no. 75. Accordingly, this Prospectus shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act. The New Shares may not be offered or sold, directly or indirectly, in Norway except to “professional clients” (as defined in the Norwegian Securities Trading Act).

(e) **Singapore**

This Prospectus and any other materials relating to the New Options have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Options, may not be issued, circulated or distributed, nor may the New Options be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (**the SFA**) or another exemption under the SFA.

This Prospectus has been given to you on the basis that you are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA). If you are not such an investor, please return this Prospectus immediately. You may not forward or circulate this Prospectus to any other person in Singapore.

Any offer is not made to you with a view to the New Options or the underlying ordinary shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire New Options and the underlying ordinary shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

(f) **Switzerland**

The New Options may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the New Options constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

No offering or marketing material relating to the New Options has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this Prospectus will not be filed with, and the offer of New Options will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

Neither this Prospectus nor any other offering or marketing material relating to the New Options may be publicly distributed or otherwise made publicly available in Switzerland. The New Options will only be offered to investors who qualify as "professional clients" (as defined in the Swiss Financial Services Act). This Prospectus is personal to the recipient and not for general circulation in Switzerland.

(g) **United Arab Emirates**

This Prospectus does not constitute a public offer of securities in the United Arab Emirates and the New Options may not be offered or sold, directly or indirectly, to the public in the UAE. Neither this Prospectus nor the New Options have been approved by the Securities and Commodities Authority (**SCA**) or any other authority in the UAE.

No marketing of the New Options has been, or will be, made from within the UAE other than in compliance with the laws of the UAE and no subscription for any securities may be consummated within the UAE. This Prospectus may be distributed in the UAE only to “professional investors” (as defined in the SCA Board of Directors’ Decision No.13/RM of 2021, as amended).

No offer of New Options will be made to, and no subscription for New Options will be permitted from, any person in the Abu Dhabi Global Market or the Dubai International Financial Centre.

(h) **United Kingdom**

Neither this Prospectus nor any other document relating to the Placement Offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Options.

The New Options may not be offered or sold in the United Kingdom by means of this Prospectus or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This Prospectus is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This Prospectus may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Options has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this Prospectus is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (**Relevant Person**). The investment to which this Prospectus relates is available only to Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Prospectus.

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(i) **United States**

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Options and the underlying ordinary shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, such securities may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

The New Options and the underlying Shares will only be offered and sold in the United States to:

- "qualified institutional buyers" (as defined in Rule 144A under the US Securities Act); and
- dealers or other professional fiduciaries organized or incorporated in the United States that are acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not US persons and for which they exercise investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act.

1.4 Risks

A number of risk factors apply to dealing in and exercising New Options. Please refer to Section 4 for further information.

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2. New Options

2.1 Application for New Options

This Prospectus will be sent to Placement Investors only.

Applications for New Options can only be made by the Placement Investors and must be made using the Application Form provided by the Company with this Prospectus.

Placement Investors are not required to make any payment for the New Options as the New Options are free attaching Options issued to Placement Investors pursuant to the terms of the Placement.

Application Forms must be returned to the Registry by the Closing Date by following the instructions on the Application Form. An acceptance through an electronic broker acceptance portal or similar electronic means will be deemed to be a valid return of the Application Form.

2.2 No minimum subscription

There is no minimum subscription for the Placement Offer.

2.3 ASX quotation

An application will be made to ASX for the Official Quotation of the New Options offered under this Prospectus. Subject to approval being granted by ASX, it is expected that the quotation and trading of the New Options issued under this Prospectus will commence on or around 20 December 2023. If permission is not granted by ASX for the Official Quotation of the New Options offered by this Prospectus within 3 months after the date of this Prospectus, then the issue of New Options will be void in accordance with section 723(3) of the Corporations Act.

The fact that ASX may grant Official Quotation to the New Options is not to be taken in any way as an indication of the merits of the Company or the New Options.

2.4 Issue of New Options

It is currently expected that the New Options will be issued on 20 December 2023.

The New Options are transferable and may be transferred in the same manner as Shares unless classified as restricted securities under the Listing Rules and may be exercised by any other person or body corporate.

It is the responsibility of each Placement Investor to confirm their holding before trading in those New Options. Any person who sells New Options before receiving confirmation of their holding in the form of their confirmation statement will do so at their own risk.

The Company and the Registry disclaim all liability, whether in negligence or otherwise, to any person who trades in New Options before receiving their confirmation statement, whether on the basis of a confirmation of allocation provided by the Company, the Registry, a broker or otherwise.

2.5 Brokerage and duty

No brokerage fee or stamp duty is payable by Placement Investors who are issued New Options under the Placement Offer.

2.6 Taxation implications

The Directors do not consider it appropriate to give Placement Investors advice regarding the taxation consequences of being issued New Options under this Prospectus or disposing of or exercising New Options.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Placement Investors. As a result, Placement Investors should consult their professional tax adviser in connection with the Placement Offer.

Before deciding to exercise your New Options, you should consider whether the Shares to be issued on exercise of the New Options are a suitable investment for you. There are various risks associated with investing in Shares as set out in Section 4.

The potential tax effects of dealing in and exercising the New Options will vary between each Placement Investor. Placement Investors should satisfy themselves of any possible tax consequences by consulting their own professional tax advisers.

2.7 Major activities and financial information

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2023 is in the Company's Annual Report which was released to the ASX on 15 September 2023.

A summary of activities relating to the Company is also set out in the Company's continuous disclosure notices (i.e. ASX announcements) since the date of lodgement of the Company's Annual Report on 15 September 2023, and these ASX announcements are listed in Section 5.3.

Copies of these documents are available free of charge from the Company. The Directors strongly recommend that Placement Investors review these and all other ASX announcements prior to making any investment decisions in relation to New Options or Shares.

2.8 CHESS and issuer sponsorship

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. All trading on ASX in Shares and in Options will be settled through CHESS. ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and ASX Settlement Operating Rules. The Company's Registry operates an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. Both these sub-registers constitute the Company's principal register of shareholders.

Holders of New Options will not receive a certificate but will receive a statement of their holding of New Options.

If you are broker sponsored or a participant in CHESS, ASX Settlement will send you a CHESS statement. The CHESS statement will set out the number of New Options issued under this Prospectus and provide details of your holder identification number and, in relation to the New Options, the terms and conditions applicable to the New Options, including a notice to exercise the New Options.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by the Registry and will contain details of the number of New Options issued to you under this Prospectus and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their holding changes. Shareholders may request a statement at any other time. However, a charge may apply for additional statements.

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2.9 Enquiries concerning Prospectus

Enquiries relating to the Placement Offer and this Prospectus should be directed to the Company Secretary by telephone on +61 (08) 6370 2800.

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3. Purpose and effect of the Placement Offer

3.1 Purpose of the Placement Offer

The purpose of the Placement Offer is to offer the New Options to the Placement Investors, as required by the terms of the Placement.

No funds will be raised through the issue of the New Options pursuant to this Prospectus and, accordingly, the purpose of this Prospectus is not to raise capital. However, if all of the New Options are ultimately exercised, the Company will receive approximately $17.58 million (before costs) which will be used to progress development of the Company's Nolans Project as stated in Section 1.1 (and for general working capital purposes).

All expenses of the Placement Offer will be met from the Company's existing cash reserves. Refer to Section 5.11 of this Prospectus for further details relating to the estimated expenses of the Placement Offer.

3.2 Effect of the Placement Offer

The principal effect of the Placement Offer, assuming all New Options offered under this Prospectus are issued, will be to increase the number of Options on issue by a further 78,125,000 Options and to introduce a new class of listed Options as a new class of securities in the capital of the Company.

3.3 Effect on capital structure

The effect of the Placement Offer on the capital structure of the Company, assuming no existing Options are exercised before the date that the New Options are issued, is set out below:

(a) **Shares**

Description	Number
Shares currently on issue	2,113,364,692
Shares offered pursuant to the Placement Offer	Nil
Shares to be issued under the Placement	156,250,000
Total Shares on issue after completion of the Placement and Placement Offer	**2,269,614,692**

(b) **Listed Options**

Description	Number
Listed Options currently on issue[1] (ASX: ARUO)	70,676,878
Listed Options offered pursuant to the Placement Offer	78,125,000
Total listed Options on issue after completion of the Placement Offer	**148,801,878**

(c) **Unlisted Options**

Description	Number
Unlisted Options currently on issue[2]	10,923,000
Unlisted Options offered pursuant to the Placement Offer	Nil
Total unlisted Options on issue after completion of the Placement Offer	**10,923,000**

(d) **Performance Rights[3]**

Description	Number
Performance Rights currently on issue	51,047,240
Performance Rights offered pursuant to the Placement Offer	Nil
Total Performance Rights on issue after completion of the Placement Offer	**51,047,240**

(1) Expiring on 29 February 2024 with an exercise price of $0.34 per Option,

(2) Details of unlisted Options:

Exercise Date	Exercise Price ($)	Number
31/08/2024	0.20	3,130,000
21/10/2024	0.15	1,240,000
5/09/2025	0.43	4,238,000
20/10/2025	0.43	2,118,000
28/02/2026	0.93	197,000

(3) Various performance conditions apply.

3.4 Substantial Shareholders and effect on control

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below (as disclosed in substantial shareholder notices lodged with ASX):

Shareholder	No Shares held	Relevant interest
Hancock Prospecting Pty Ltd	211,145,848	10.01%

As only New Options are being issued under this Prospectus, the Placement Offer will have no effect on the quantity of Shares held by a substantial Shareholder. Holders of New Options must have regard to and comply with section 606 of the Corporations Act (the 20% voting power threshold) when exercising New Options issued under this Prospectus. Holders of New Options must also have regard to all other applicable laws when exercising New Options issued under this Prospectus.

The Company expressly disclaims any responsibility for ensuring that holders of New Options do not breach section 606 of the Corporations Act or any other law as a result of the exercise of the New Options and may refuse to issue Shares on exercise where to do so would breach section 606 of the Corporations Act.

If you may be at risk of breaching section 606 of the Corporations Act by exceeding the 20% voting power threshold or by increasing your voting power from a position above 20% as a result of the acquisition of Shares following exercise of New Options, or if you may be at risk of breaching any other law by exercising New Options, you should seek professional advice before exercising your New Options.

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If any New Options are exercised, further Shares will be issued. This will dilute the holdings of all other Shareholders accordingly.

3.5 Pro-forma balance sheet

The pro-forma balance sheet of the Company is based on the consolidated statement of financial position as at 30 June 2023 that has then been adjusted (assuming all New Options are issued) to reflect the issue of 78,125,000 New Options under this Prospectus, and their subsequent exercise. The pro-forma balance sheet is prepared on the basis that the Placement Offer itself does not raise any funds.

The pro-forma, unaudited balance sheet excludes movements from carrying out general business operations. The pro-forma, unaudited balance sheet is illustrative only and may not represent the financial position of the Company following the close of the Placement Offer. The pro-forma, unaudited balance sheet does not take into account the effect of any future exercises of any Options other than the New Options.

	Audited Statement of Financial Position as at 30 June 2023 ($)	**Effect of the Placement Offer ($)**	**Pro Forma Statement of Financial Position Post Placement Offer ($)**
CURRENT ASSETS			
Cash and cash equivalents	128,848,076	17,578,125	146,426,201
Trade and other receivables	789,099	-	789,099
Total Current Assets	**129,637,175**	**17,578,125**	**147,215,300**
NON-CURRENT ASSETS			
Property, plant and equipment	378,792	-	378,792
Right-of-use assets	7,705,058	-	7,705,058
Deferred exploration and evaluation costs	119,346,203	-	119,346,203
Other assets	2,464,344	-	2,464,344
Total Non-Current Assets	**129,894,398**	**-**	**129,894,398**
TOTAL ASSETS	**259,531,573**	**17,578,125**	**277,109,698**
CURRENT LIABILITIES			
Trade and other payables	32,377,776	-	32,377,776
Deferred Revenue	5,990,795		5,990,795
Lease liabilities	970,215	-	970,215
Provisions	922,670	-	922,670
Total Current Liabilities	**40,261,456**	**-**	**40,261,456**

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	Audited Statement of Financial Position as at 30 June 2023 ($)	Effect of the Placement Offer ($)	Pro Forma Statement of Financial Position Post Placement Offer ($)
NON-CURRENT LIABILITIES			
Lease liabilities	665,481	-	665,481
Provisions	3,702,926	-	3,702,926
Total Non-Current Liabilities	**4,368,407**	**-**	**4,368,407**
TOTAL LIABILITIES	**44,629,863**	**-**	**44,629,863**
NET ASSETS	**214,901,710**	**17,578,125**	**232,479,835**
EQUITY			
Contributed equity	466,203,376	17,578,125	483,781,501
Reserves	13,573,923	-	13,573,923
Accumulated losses	(264,875,589)	-	(264,875,589)
TOTAL EQUITY	**214,901,710**	**17,578,125**	**232,479,835**

3.6 Market price of Shares

The highest and lowest market sale prices of the Company's Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest: $0.28 per Share on 15 September 2023.

Lowest: $0.16 per Share on 14 December 2023.

The latest available closing sale price of the Company's Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was $0.16 per Share on 14 December 2023.

3.7 Dividend policy

The Company does not currently pay dividends. The Directors are not able to say when or if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

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4. Risk factors

You should be aware that dealing in and exercising the New Options (and being issued Shares) involves various risks. This Section discusses some of the key risks associated with an investment in Securities. A number of risks and uncertainties, which are both specific to and of a more general nature, may adversely affect the operating and financial performance or position of the Company, which in turn may affect the value of Securities and the value of an investment in the Company.

The Company aims to manage these risks by carefully planning its activities and implementing risk-control measures. Some of these risks are, however, highly unpredictable and the extent to which the Company can effectively manage or control them is limited.

The risks and uncertainties described below are not an exhaustive list of the risks facing the Company or associated with an investment in the Company. Additional risks and uncertainties may also become important factors that adversely affect the Company's operating and financial performance or position.

This document is not financial product advice and has been prepared without taking into account your investment objectives or personal circumstances. Before investing in Securities, you should consider whether an investment in Securities is suitable for you. All Placement Investors should rely on their own knowledge of the Company, consider publicly available information on the Company (such as that available on the websites of the Company and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making an investment decision.

4.1 Company specific risks

(a) **Communicable disease outbreaks**

The outbreak of communicable diseases around the world (such as COVID-19) may lead to interruptions in operations, exploration, development and production activities, inability to source supplies or consumables and higher volatility in the global capital markets and price of rare earth elements or demand for the product of the Company (and its subsidiaries) (**Group**), which may materially and adversely affect the Group's business, financial condition and results of operations.

In addition, such outbreaks may result in restrictions on travel and public transport and prolonged closures of facilities or other workplaces which may have a material adverse effect on the Group and the global economy more generally. Any material change in the Group's operating conditions, the financial markets or the economy as a result of these events or developments may materially and adversely affect the Group's business, financial condition and results of operations.

(b) **Funding risk**

The Nolans Project is a large and complex project with total capital expenditure currently at more than A$1.5 billion (refer to ASX announcement "Nolans Project Update" dated 11 November 2022). Capex trending analysis indicates that the capital cost of the Nolans Project may increase by approximately 5.7% to ~A$1.68 billion (refer to ASX announcement "Quarterly Activities Report and Appendix 5B" dated 31 October 2023). The business of the Group, and the ability of the Group to procure the finance required to develop the Nolans Project, relies on access to debt and equity funding.

As rare earths (including Neodymium-Praseodymium (**NdPr**)) are not traded on any commodity exchange, traditional debt market sources may not be available which may make it difficult for financiers to assess and understand market risk. In particular, the Group understands that traditional debt market sources are not always available to finance rare earths projects, and therefore the Group is seeking to fund a significant portion of the Nolans Project's capital expenditure through Export Credit Agencies.

There can be no assurance that sufficient debt, equity or other forms of funding (including by way of government grants) will be available to the Group (over any timeframe) on favourable terms or at all.

The terms on which debt financiers are willing to offer debt may vary from time to time, depending on macro-economic conditions, the performance of the Group and an assessment of risks and intended use of funds, and there can be no guarantee that appropriate debt financing will be available or obtained. Customary terms of any debt financing will likely require the Company to raise a significant portion of the capital cost required to fund the Nolans Project from the equity market before debt drawdowns will be available. No assurance can be given that the required equity component of the Nolans Project financing will be raised by the Company in full or at all. Failure to obtain sufficient funds from the equity market may preclude the Company from obtaining debt financing or, if debt financing has been secured, from being able to drawdown on financing facilities. Any additional equity financing may dilute existing shareholdings.

Failure to obtain debt, equity and/or other forms of financing may cause the Group to postpone any development plans, forfeit rights to some or all of its projects or reduce its operating structures, including staff and overhead levels, which may delay or suspend the Group's business strategy and could have a material adverse effect on the Group's activities or require the Group to sell down an interest in its projects or assets. This may adversely impact the Group's financial condition and the value of the Company's shares, and could ultimately result in the Group being unable to develop the Nolan's Project. In addition, any delays in obtaining debt, equity and/or other forms of financing, or any delays in receiving (or non-receipt of) anticipated government grants, may require the Company to decrease its planned expenditure on certain project related activities while such funding is being secured. This may lead to scheduling disruptions, timetable overruns and an overall delay in the execution of the Nolans Project.

(c) **Exploration, production and project development**

The future profitability of the Group is directly related to the results of exploration, development and production activities as well as costs and prices. Exploration, project development and production involves significant risk.

Exploration is a speculative endeavour with an associated risk of discovering or finding NdPr and other products in economic quantities and/or grades and risks associated with development of a project to exploit any such discovery. No assurances can be given that funds spent on exploration and development will result in discoveries or projects that will be commercially viable. During each stage of a project's development there is a risk that forecast capital or operating expenditure estimates may increase, rendering a discovery uneconomic.

Development and production of NdPr and other mining projects may be exposed to low side reserve outcomes, cost and timetable overruns, production decreases or stoppages, which may be the result of commissioning, facility shutdowns, mechanical or technical failure, scheduling disruptions (which may result from delays to funding or decreased spend while funding is secured), technical risks and other unforeseen events. Few rare earth's processing plants have been constructed and commissioned outside of the People's Republic of China and, as a result, there may be increased execution risk for the Nolans Project. A significant poor development outcome or failure to maintain production could result in the Group lowering reserve and production forecasts, loss of revenue, increased working capital requirements, and additional operating costs to restore production.

In some instances, a loss of production may incur significant capital expenditure, which could require the Group to seek additional funding. The Group may fail to meet product quality requirements and material specifications required by buyers.

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(d) **Volatility of the price of rare earth elements**

NdPr and other rare earth products are not exchange traded commodities. The Group will require contracts for sale of these mineral commodities. There is no guarantee the Group will secure contracts on terms favourable to the Group.

NdPr and other rare earth product prices will depend on available markets at acceptable prices and distribution and other costs. Pricing of NdPr can also be impacted by government intervention in NdPr markets, such as through direct or indirect support of producers and exporters of NdPr, stockpiling of NdPr, and trade policies, barriers and sanctions. Historically (and at present), the supply of NdPr has been dominated by producers in the People's Republic of China. Policy changes, actions or events that affect that supply may have a significant effect on NdPr prices.

Additionally, technological developments may result in substitution risk and decrease the demand for (and therefore the price of) NdPr and other rare earth products. Demand for NdPr and other rare earth products may also be impacted by demand for downstream products incorporating rare earths, including (but not limited to) hybrid and electric vehicles, wind turbines, robotics, medical equipment, military equipment and other high-growth advanced motion technologies as well as demand in the general automotive and electronic industries.

Any substantial variation in the price of NdPr and other rare earth products or an increase in the distribution costs could have a material impact on the Group.

(e) **Metallurgy and hydrometallurgy**

Metallurgical testwork is used to develop the mineral processing and hydrometallurgical processes required to convert ore into final products. Scale up, technology and materials handling risks remain as the Group moves from development to construction, commissioning and production. Product recoveries are dependent upon the mineral processing and hydrometallurgical processes, and by its nature contains elements of significant risk such as:

- developing and identifying mineral processing and hydrometallurgical processes through testwork to produce a saleable product;
- the representative nature of the samples used for metallurgical testwork of the ore that is mined for processing over the life of mine;
- developing an economic process route to produce a saleable product; and
- changes in mineralogy in the ore deposit which may result in inconsistent product recovery and adversely affect the economic viability of the project.

(f) **Capital cost risk**

While the Group has completed Front End Engineering and Design (FEED) activities and is continuing detailed design and tendering activities for procurement and construction contracts as part of advancing the design and cost of the Nolans Project, until such time a design definition is complete and construction contracts are signed, there is a risk that the capital expenditure for the Nolans Project increases above the previous disclosed capital requirements (refer to ASX announcement "Nolans Project Update" dated 11 November 2022) due to various macro-economic factors that have directly or indirectly impacted the construction industry. In addition, even following the completion of design and execution of construction contracts, there is a risk of a cost overrun on the Nolans Project given the inflationary environment which may impact on labour costs, supply costs, transport costs and other costs associated with the construction of the Nolans Project. The Company continues to monitor capital cost trends (see current trending analysis set out in the Company's ASX announcement "Quarterly Activities Report and Appendix 5B" dated 31 October 2023).

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(g) **Operating risks**

Industry operating risks include, but are not limited to, fires, explosions, environmental hazards, technical failures, unusual or unexpected geotechnical conditions, adverse weather conditions and other accidents. The occurrence of any of these risks could result in substantial losses to the Group due to; injury or loss of life, damage to or destruction of property, natural resources or equipment; pollution or other environmental damage; clean-up responsibilities; regulatory investigation and penalties; or suspension of operations. Damages occurring to third parties as a result of such risks may also give rise to claims against the Group.

The occurrence of any of these circumstances could result in the Group not realising its operational or development plans or in such plans costing more than expected or taking longer to realise than expected. Any of these outcomes could have an adverse effect on the Group's financial and operational performance.

(h) **Reliance on key personnel and advisors**

The ability of the Group to achieve its objectives depends on the engagement of key employees, directors and external contractors that provide management and technical expertise.

If the Group cannot secure external technical expertise (for example to carry out development activities) or if the services of the present management or technical team cease to be available to the Group, this may affect the Group's ability to achieve its objectives either fully or within the timeframes and the budget that it has forecast. Additionally, industrial disruptions, work stoppages and accidents in the course of operations may adversely affect the Group's performance.

(i) **Reliance on third party infrastructure**

The Group will rely on third party transportation and other infrastructure, primarily in order to deliver its products to the market and incoming reagents and supplies to the Nolans Project site. Any delay or failure to access or properly maintain operating infrastructure or shared facilities may have a material adverse effect on the Group.

(j) **Reserves and resource estimates**

Mineral reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates may change or become uncertain when new information becomes available on the tenements through additional exploration, investigations, research, testing or engineering over the life of a project. This applies equally to the Group's production targets in relation to the Nolans Project and any forecast financial information derived from a production target.

In addition, reserve and contingent resource estimates (and production targets and forecast financial information derived from a production target) are necessarily imprecise and depend to some extent on interpretations, which may prove inaccurate. The actual reserves or contingent resources may differ from those estimated which may result in the Group altering its plans which could have either a positive or negative effect on its operations.

Changes in reserve or resource estimates could also impact the Group's ability to maintain its borrowing capacity with lenders.

(k) **Native Title**

The *Native Title Act 1993* (Cth), Northern Territory Native Title legislation, Aboriginal land rights and Aboriginal heritage legislation may affect the Group's ability to gain

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access to prospective exploration areas or obtain any additional mineral leases required.

The Group has entered into a Native Title Agreement with the Nolans Project's native title holders and the Central Land Council under which the native title holders provide their consent to the grant of the primary mineral lease, ancillary mineral leases and related access authorities for the Nolans Project (refer to ASX announcement "Native Title Agreement Executed for Nolans Project" dated 26 June 2020). On 22 July 2020, the Company announced that the mineral leases for the Nolans Project had been granted by the Northern Territory government and on 9 February 2021 the Company announced that the mineral leases for areas supporting the Nolans Project (which will host the Nolans borefield) had been granted by the Northern Territory Government (refer to ASX announcements "Nolans Mineral Leases granted by NT Government" dated 22 July 2020 and "Mineral Leases granted by NT Government secures Borefield" dated 9 February 2021).. The Group will need to comply with the Native Title Agreement to avoid any potentially adverse consequences.

The Group is currently in discussions with the Central Land Council (as representatives of the native title holders) for an amendment agreement to the Native Title Agreement to cover the mineral leases and extractive mineral permits to cover the explosives magazine, proposed stage 1 solar farm, borrow pits and minor changes to various access authorities. There is a risk that agreement cannot be reach and in this instance the Group would need to re-arrange aspects of the Nolans Project to allow delivery within the existing Native Title Agreement.

The Group may, from time to time, need to negotiate with native title claimants for access rights to certain tenements or for certain activities or granting of additional leases, outside those covered by the Native Title Agreement. There may be significant delays and costs associated with these negotiations and to reach agreement acceptable to all relevant parties. At this stage, it is not possible to quantify the potential impact that these developments may have on the operations of the Group.

(l) **Title**

Securing and maintaining tenure over mining tenements is critical to the future development of the Group's projects. All mining tenements which the Group may acquire either by application, sale and purchase or farm-in are regulated by the applicable state or territory mining legislation.

There is no guarantee that future applications for ungranted tenements will be granted as applied for (although the Group has no reason to believe that any tenements required for the Nolans Project or identified as being required in the future will not be granted in due course). Various conditions may also be imposed as a condition of grant. In addition the relevant minister may need to consent to any transfer of a tenement to the Group.

Renewal of titles is made by way of application to the relevant department. There is no guarantee that a renewal will be automatically granted other than in accordance with the applicable state or territory mining legislation. In addition, the relevant department may impose conditions on any renewal, including relinquishment of ground.

Under the *Mineral Titles Act 2010* (NT) (**MT Act**), a 'person who has an interest in land' (as defined in the MT Act) is entitled to compensation from the holder of a mineral title for:

- damage to the land, and any improvements on the land, caused by activities conducted under the title; and
- any loss suffered as a result of that damage.

The compensation to which a person is entitled depends upon the type of land in question (for example, whether it is freehold land or a pastoral lease) and the nature of the activities that caused the damage to the land (for example, whether they were exploration activities or mining activities). There is no requirement under the MT Act that landholder agreements need to be in place between the Group and all or any of the

persons who have interests in the land the subject of the mineral titles under the MT Act held by the Group in respect of the Nolans Project mine and associated infrastructure prior to the commencement of development of, or operations for, the Nolans Project.

The Group has a right of access to its mineral titles and a right to occupy and uses its mineral titles in accordance with their terms, the MT Act and the *Mining Management Act 2001* (NT). Should the Group not be able to enter into a landholder agreement with a person who has an interest in any relevant land, that person will be entitled to compensation as described above and will be able to apply to the Northern Territory Civil and Administrative Tribunal for a decision in respect of the compensation payable to the person (and associated matters) in the event that the parties are unable to reach agreement on the compensation payable by the Group to the person. There is a risk that the compensation payable to the persons who have interests in the relevant land may exceed the estimates included in the operating cost estimates used to develop forward looking statements around the Nolans Project's economic performance.

(m) **Environmental**

The Group's exploration, development and production activities are subject to legislation regarding environmental matters.

The legal framework governing this area is complex and constantly developing. There is a risk that the environmental regulations may become more onerous, making the Group's operations more expensive or cause delays. The Group may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past activities for which it was not responsible.

The Group's operations are subject to the Northern Territory and Commonwealth laws and regulations regarding the environment including hazards and discharge of hazardous waste and materials. The mining and processing of Normally Occurring Radioactive Materials (NORM) and the disposal of radioactive waste is subject to additional laws and regulations. The cost of compliance with these laws and regulations may impact the cost of exploration, development, construction, operation of the production facilities and mine closure, and cause these costs to exceed those allowed for to date in capital, operating and sustaining cost estimates used to develop forward looking statements pertaining to the economic performance of the Nolans Project.

(n) **Climate change risk**

Climate change is a risk the Group has considered, particularly related to its operations in the mining industry. The climate change risks particularly attributable to the Group include:

- the emergence of new or expanded regulations associated with transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Group may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Group and its profitability. While the Group will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Group will not be impacted by these occurrences; and
- climate change may cause certain physical and environmental risks that cannot be predicted by the Group, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns.

All risks associated with climate change may significantly change the industry in which the Group operates.

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(o) **Legislative changes, government policy and approvals**

The Group requires government regulatory approvals for its operations. Changes in government, monetary policies, taxation and other laws in Australia or internationally may impact the Group's operations.

The impact of actions by state, territory and federal governments may affect the Group's activities including such matters as access to lands and infrastructure, compliance with environmental regulations, production and exploration activities. This may from time to time affect timing and scope of work to be undertaken. No guarantee can be given that all necessary permits, authorisations, agreements or licences will be provided to the Group by government bodies, or if they are, that they will be renewed or not revoked if already granted.

The Group has received environmental approval from the Australian Government and the Northern Territory Environment Protection Authority under the *Environment Protection and Biodiversity Conservation Act 1999* (Cth).

The Group has received approval from the NT Government for its Mining Management Plan, which provides its Mining Authorisation for the Nolans Project (refer to ASX announcement "Nolans receives Mining Authorisation from NT Government" dated 15 November 2022). There is a risk that the Group may not be in a position to comply with all conditions attached to the approval. As the Mining Management Plan is required to be updated for re-approval at regular intervals or when there is a review of past activities or changes to the proposed activities, there is also a risk that the Authority to carry out mining activity may not be renewed or that additional conditions may be placed on such an approval which the Group is not in a position to comply with.

(p) Similarly, the Group's Groundwater Extraction Licence relating to the water supply for the Nolans Project was approved in March 2023 for a period of 10 years after which extension of the approval is required. There is a risk that the Group may not be in a position to comply with all conditions attached to the approval, that an extension to the approval may not be granted, or that additional conditions will be attached to the extension of the approval which the Group may not be in a position to comply with.

(q) **Occupational health and safety**

Exploration and production activities may expose the Group's staff and contractors to potentially dangerous working environments. Occupational health and safety legislation and regulations differ in each jurisdiction. If any of the Group's employees or contractors suffers injury or death, compensation payments or fines may be payable and such circumstances could result in the loss of a licence or permit required to carry on the business. Such an incident may also have an adverse effect on the Group's business (including financial position) and reputation.

(r) **Third party risk**

The Group will rely significantly on strategic relationships with other entities and on a good relationship with regulatory and government departments and other interest holders. The Group will also rely on third parties to provide essential contracting services. There can be no assurance that its existing relationships will be maintained, or that new ones will be successfully formed. The Group could be adversely affected by changes to such relationships or difficulties in forming new ones.

(s) **Insurance**

Insurance of all risks associated with mineral exploration and production is not always available and, where available, the cost can be high. The Group maintains insurance within a coverage range that it considers to be consistent with industry practice and appropriate for its needs and will update this insurance as required as Group activities change through the development and operation of the Nolans Project. The occurrence of an event that is uninsurable, not covered, or only partially covered by insurance could have a material adverse effect on the Group's business and financial position.

(t) **Litigation risks**

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employment claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(u) **Financial risks**

The Group's activities expose it to a variety of financial risks, including:

- *Market risk*: The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, interest rate risk, price risk, credit risk and liquidity risk (maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities). The Group's future activities will be subject to volatility and fluctuations in those particular areas.
- *Foreign exchange/currency risk*: The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures with respect to changes in foreign exchange rates. The Group's future commercial transactions include product sales, capital expenditure, purchase of foreign sources inputs and debt facilities. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.
- *Interest rate and credit risk*: This relates to the risk that interest rates applicable to the Group may fluctuate and have an impact on the value of the Group's assets and liabilities.
- *Liquidity risk*: This relates to the ability of the Group to maintain sufficient cash and the availability of funding through an adequate amount of committed credit facilities to support the Group's operations.

4.2 General risks

(a) **Option Risk**

Options are, by their nature, only of value at times when the exercise price is lower than the price of the underlying Shares. There is no guarantee that the New Options will, at any particular time, have an exercise price which is lower than the price of the Shares. The New Options may be "out of the money" and may therefore have little or no value, and may expire at a time when they have no value.

On completion of the Placement Offer, there will be up to a further 78,125,000 Options on issue. It is not possible to predict what the value of the Company or Shares or New Options will be following the completion of the Placement Offer and the Directors do not make any representation as to such matters.

(b) **Potential for dilution**

If New Options are exercised and Shares are issued, each Share will represent a lower proportion of the ownership of the Company.

The historical trading price of the Shares on ASX prior to this Prospectus being lodged is not a reliable indicator as to the potential trading price of Shares or New Options after completion of the Placement Offer.

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(c) **General market and economic factors**

The operating and financial performance of the Group is influenced by a number of general economic and business conditions. Generally applicable factors which may affect the operating and financial performance of the Group include:

- general movements in Australian and international stock markets;
- investor sentiment;
- Australian and international economic conditions and outlook;
- commodity prices;
- changes in interest rates and the rate of inflation;
- changes in government legislation and policies, including taxation laws and foreign investment legislation;
- announcement of new technologies; and
- geo-political instability, including international hostilities and acts of terrorism.

Further, the effect of these conditions on the Group's ability to obtain new debt financing, and the terms on which any such financing can be obtained, is uncertain. If these conditions result in the Group being unable to obtain new debt financing, or to do so on reasonable terms, this may have an adverse impact on its financial position, financial performance and/or share price. The Group's operational and financial performance and position may be adversely affected by a worsening of international economic and market conditions and related factors. It is also possible that new risks might emerge as a result of global markets experiencing extreme stress, or existing risks may manifest themselves in ways that are not currently foreseeable.

(d) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(e) **Taxation**

The disposal or exercise of New Options will have tax consequences, which will differ depending on the individual financial affairs of each Placement Investor. All Placement Investors are urged to obtain independent financial advice about the consequences of disposing of or exercising New Options from a taxation viewpoint and generally. To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of disposing of or exercising New Options under this Prospectus.

(f) **Competition**

The Group will compete with other companies, including major mining companies in Australia and internationally. Some of these companies will have greater financial and other resources than the Group and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Group can compete effectively with these companies.

(g) **Force majeure**

The Group's projects now or in the future may be adversely affected by risks outside the control of the Group, including fires, labour unrest, civil disorder, war, subversive activities or sabotage, floods, pandemics, explosions or other catastrophes, epidemics or quarantine restrictions.

(h) **Data and information technology**

The Group's computer systems are subject to the risks of unauthorised access, computer hackers, computer viruses, malicious code, organised cyber-attacks and other security problems and system disruptions, including possible unauthorised access to proprietary or classified information. Any of these events could damage the Group's reputation and have a material adverse effect on its business, reputation, results of operations and financial condition. There is also a risk that the Group's systems for capturing data and intellectual property for project development are ultimately not effective.

(i) **Russia-Ukraine and Israel-Palestine conflict**

The ongoing Russian-Ukraine and Israel-Palestine conflicts have had and will continue to have a significant impact on global economic markets. Although the Group considers the current impact of the conflicts on the Group to be limited, given that the conflicts are ongoing and volatile in nature, the future effect of the conflicts on the Group is uncertain. The conflicts may have an adverse effect on the Company's share price or operations which will likely be out of the Group's control.

4.3 Speculative investment

The above list of risk factors ought not to be taken as an exhaustive list of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Options offered under this Prospectus and any Shares issued on exercise of New Options. An investment in the Company is speculative and Placement Investors should consult their professional adviser before dealing in or exercising New Options.

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5. Additional information

5.1 Nature of this Prospectus

This Prospectus is issued under the special prospectus content rules for continuously quoted securities (and options over them) in section 713 of the Corporations Act. This enables listed disclosing entities to issue a prospectus with less rigorous disclosure requirements if:

(a) the securities offered by the prospectus were enhanced disclosure securities at all times in the 3 months before the date of the prospectus; and

(b) during the shorter of the period during which the securities were quoted and the period of 12 months before the date of the prospectus, the company was not subject to certain exemptions or declarations prescribed by the Corporations Act.

Securities are enhanced disclosure securities if:

(a) the company is included in the Official List; and

(b) the Listing Rules apply to those securities.

The information in this Prospectus principally concerns the terms and conditions of the Placement Offer and the information necessary to make an informed assessment of:

(a) the effect of the Placement Offer on the Company;

(b) the rights and liabilities attaching to the New Options offered by this Prospectus; and

(c) the rights and liabilities attaching to the underlying Shares.

As the Company has been listed on ASX since 5 November 2003, a substantial amount of information concerning the Company has previously been notified to ASX and is therefore publicly available.

The Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Placement Investors should therefore also have regard to the other publicly available information in relation to the Company and the issue of the New Options.

5.2 Regular reporting and disclosure obligations

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

These obligations require the Company to notify ASX of information about specified events and matters as they arise for the purposes of ASX making that information available to the securities market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions) to notify ASX immediately of any information of which it becomes aware concerning the Company which a reasonable person would expect to have a material effect on the price or value of securities in the Company.

The Company is also required to prepare and lodge with ASIC both yearly and half yearly financial statements accompanied by a Directors' statement and report and an auditor's report.

All announcements made by the Company are available from ASX.

5.3 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC.

During the period that the Placement Offer remains open, the Company will provide free of charge to any person who requests it, a copy of:

(a) the Company's Annual Report for the year ended 30 June 2023 (lodged on 15 September 2023), being the most recent annual financial report that has been lodged with ASIC in relation to the Company before the issue of this Prospectus; and

(b) the continuous disclosure notices given by the Company to notify ASX of information relating to the Company after the date of lodgement of the most recent Annual Report referred to in paragraph (a) and before the date of issue of this Prospectus. These notices are listed below:

Date	Announcement
5 October 2023	Sydney Mining Club Presentation
16 October 2023	Notification of cessation of securities – ARU
19 October 2023	Chairman's address
19 October 2023	AGM Presentation
19 October 2023	Results of the 2023 Annual General Meeting
27 October 2023	Date of Quarterly Report and Briefing
31 October 2023	Quarterly Activities Report and Appendix 5B
22 November 2023	FY23 Sustainability Report
27 November 2023	Indigenous Land Use Agreement Registered
4 December 2023	Indicative Financing Support from KEXIM
7 December 2023	Notification regarding unquoted securities - ARU
13 December 2023	Pause in Trading
13 December 2023	Trading Halt
13 December 2023	Arafura Launches A$20m placement and A$10m SPP
13 December 2023	Investor Presentation
13 December 2023	Proposed issue of securities – ARU
13 December 2023	Proposed issue of securities – ARU
14 December 2023	Completion of bookbuild for upsized $25m placement
14 December 2023	Proposed issue of securities

5.4 No information excluded from continuous disclosure

Other than as set out in this Prospectus and the accompanying documents, there is no information which:

(a) has been excluded from a continuous disclosure notice in accordance with the Listing Rules; and

(b) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:

(i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and

(ii) the rights and liabilities attaching to the New Options being offered by this Prospectus.

5.5 Rights and liabilities attaching to Shares

Any Shares issued on the future exercise of New Options offered under this Prospectus will be of the same class and will rank equally in all respects with the existing Shares. The rights and

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liabilities attached to any new Shares issued on the future exercise of the New Options are identical in all respects to the terms of all existing Shares.

A summary of the rights and liabilities attaching to Shares in the Company is set out below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge and is also available on the Company's website) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek independent legal advice.

(a) **Voting**

At a general meeting of the Company, on a show of hands every Shareholder present has one vote. At the taking of a poll, every Shareholder present (and every Shareholder who has duly lodged a valid direct vote) and whose shares are fully paid has one vote for each of his or her shares. On a poll, the holder of a partly paid share has a fraction of a vote with respect to the share. The fraction is equivalent to the proportion which the amount paid (not credited) bears to the total amount paid and payable (excluding amounts credited).

(b) **General meetings**

Each Shareholder is entitled to receive notice of general meetings of the Company and to receive all financial statements as required by the Corporations Act or the Listing Rules.

(c) **Dividends**

The Directors may declare a dividend or determine that a dividend is payable and fix the amount, the time for payment and the method of payment.

(d) **Transfer of shares**

Generally, all shares in the Company are freely transferable, subject to the procedural requirements of the Constitution, and to the provisions of the Corporations Act, the ASX Settlement Operating Rules and the Listing Rules. The Company may decline to register an instrument of transfer received where the transfer is not in registrable form or where refusal is otherwise permitted under the Constitution. If the Company declines to register a transfer, the Company must give notice of the refusal as required by the Constitution.

(e) **Variation of rights**

The Company may only vary the rights attaching to any shares by a special resolution of the Company, and with the written consent of the holders of 75% of the shares of the class or by a special resolution passed at a meeting of the holders of shares of the class.

(f) **Directors**

The minimum number of Directors is three and the maximum is ten. Currently, there are five Directors. There must be an election of directors at every annual general meeting of the Company, and no director (who is not the managing director) may hold office without re-election beyond the third annual general meeting following that director's appointment or last election or for more than three years, whichever is longer. A retiring Director is eligible for re-election. The Directors may appoint a director either in addition to existing Directors or to fill a casual vacancy, and that Director then holds office until the next annual general meeting.

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(g) **Decisions of Directors**

Questions arising at a meeting of Directors are decided by a majority of votes. The Chairperson has a casting vote if necessary.

(h) **Issue of further shares**

Subject to the Corporations Act, the Listing Rules and the Constitution, the Directors may issue shares (and other securities) in the Company. Subject to the Corporations Act, any preference shares may, with the sanction of a resolution of the Company in a general meeting, be issued on the terms that they are, or at the option of the Company are, liable to be redeemed or convertible into ordinary shares.

(i) **Officers' indemnity**

The Company may indemnify on a full indemnity basis every person who is or has been a director, alternate director or executive officer of the Company and, where the Directors consider it appropriate to do so, any person who is or has been an officer or auditor of the Company or a related body corporate of the Company, against all liability incurred by that person in his or her capacity as an officer of the Company or of the related body corporate (as the case may be) to the fullest extent permitted by law.

(j) **Alteration to the Constitution**

The Corporations Act provides that the Constitution can only be amended by a special resolution passed by at least 75% of Shareholders present and voting at a general meeting.

(k) **Listing Rules prevail**

To the extent that there are any inconsistencies between the Constitution and the Listing Rules, the Listing Rules prevail.

5.6 Rights and liabilities attaching to the New Options

The New Options to be issued under this Prospectus will be issued on the following terms and conditions:

(1) **Entitlement**

Subject to adjustment in accordance with these terms and conditions, each New Option entitles the Optionholder to subscribe for one (1) unissued Share upon payment of the Exercise Price (as defined below) before the Expiry Date (as defined below).

(2) **Exercise Price**

The exercise price of each New Option is $0.225 (**Exercise Price**).

(3) **Expiry Date**

A New Option is exercisable at any time after the date of issue and on or before the date which is 18 months after it is issued (**Expiry Date**). New Options that are not exercised by the Expiry Date shall lapse.

(4) **Notice of Exercise**

The New Options may be exercised by notice in writing to the Company and payment of the Exercise Price (in Australian currency by electronic funds transfer or other means of payment acceptable to the Company) for each New Option being exercised. Any notice of exercise of a New Option received by the Company will be deemed to be a notice of the exercise of that New Option as at the date of receipt.

(5) **Minimum number of New Options exercised**

The Optionholder may not exercise less than 1,000 New Options at any one time, unless the Optionholder has less than 1,000 New Options in which case the Optionholder must exercise all their New Options together.

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(6) **Shares issued on exercise**

Shares issued on exercise of the New Options rank equally with the Shares of the Company on issue.

(7) **Quotation of shares on exercise**

Application will be made by the Company to ASX for Official Quotation of Shares issued upon the exercise of the New Options.

(8) **No certificate**

No certificate will be issued if the New Options are granted quotation on ASX.

(9) **Timing of issue of Shares**

After a New Option is validly exercised, the Company must as soon as possible:

(i) issue the Share; and

(ii) do all such acts matters and things to obtain the grant of quotation for the Share on ASX no later than 5 Business Days from the date of exercise of the New Option.

(10) **Participation in new issues**

An Optionholder may participate in new issues of equity securities to holders of Shares if and to the extent that:

(i) a New Option has been exercised; and

(ii) a Share has been issued in respect of the exercise before the record date for determining entitlements to the new issue.

Optionholders do not have any right to participate in new issues of securities in the Company made to Shareholders generally. The Company will, where required pursuant to the Listing Rules, provide Optionholders with notice prior to the record date to determine entitlement to any new issue of securities made to Shareholders generally, in accordance with the requirements of the Listing Rules.

(11) **Adjustments for reorganisation**

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholder may be varied to comply with the Listing Rules which apply to the reorganisation at the time of the reorganisation.

(12) **Change in exercise price**

A New Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the New Option can be exercised.

(13) **Voting and dividend rights**

The New Options carry no rights to vote at a meeting of Shareholders, and no rights to dividends.

(14) **Transferability**

The New Options are transferable and may be transferred in the same manner as Shares unless classified as restricted securities under the Listing Rules.

(15) **US securities laws restrictions**

The New Options and the underlying ordinary shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, such securities may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

5.7 No cooling-off rights

No cooling-off rights apply to a subscription of New Options under the Placement Offer. This means that you cannot withdraw your application for New Options once it has been accepted.

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5.8 Directors' interests

Except as disclosed in this Prospectus, no Director or proposed director, and no firm in which a Director or proposed director has an interest:

(a) has any interest nor has had any interest in the two years prior to the date of this Prospectus in the formation or promotion of the Company, the Placement Offer or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Placement Offer; or

(b) has been paid or given or will be paid or given any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Placement Offer.

The table below shows the interest of each Director (whether held directly or indirectly) in Securities as at the date of this Prospectus:

Name	Shares	Unlisted Options	Performance Rights
Mark Southey	625,400	Nil	Nil
Gavin Lockyer	5,292,403	3,358,000	677,000
Chris Tonkin	447,560	Nil	Nil
Cathy Moises	363,601	Nil	Nil
Darryl Cuzzubbo	450,000	Nil	Nil

Directors may hold the relevant interests in Shares shown above directly, or through holdings by companies, trusts or other persons with whom they are associated.

5.9 Directors remuneration

The Constitution provides that each Director is entitled to such remuneration from the Company for his or her services as a Director as the Directors decide but the total amount provided to all Directors for their services as Directors must not exceed in aggregate in any financial year the amount fixed by the Company in general meeting.

The Directors (and their associated entities) received the following remuneration for the previous two financial years:

Remuneration for the year ended 30 June 2023

Director	Directors Fees and Salary ($)	Superannuation ($)	Bonus ($)	Share Based Payments ($)	Total ($)
Mark Southey	156,199	16,401	Nil	Nil	172,600
Gavin Lockyer	424,583	25,417	Nil	102,871	560,371[1]
Chris Tonkin	69,231	20,769	Nil	Nil	90,000

Cathy Moises	81,448	8,552	Nil	Nil	90,000
Darryl Cuzzubbo	81,448	8,552	Nil	Nil	90,000

[1] Includes long-service leave

Remuneration for the year ended 30 June 2022

Director	Directors Fees and Salary ($)	Superannuation ($)	Bonus ($)	Share Based Payments ($)	Total ($)
Mark Southey	137,455	13,745	Nil	Nil	151,200
Gavin Lockyer	422,500	27,500	Nil	102,570	566,208[1]
Chris Tonkin	66,256	19,877	Nil	Nil	86,133
Cathy Moises	78,303	7,830	Nil	Nil	86,133
Darryl Cuzzubbo	54,545	5,455	Nil	Nil	60,000

[1] Includes long-service leave

5.10 Interests of other persons

Other than as set out below or elsewhere in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, and no promoter of the Company holds, or held at any time during the two years prior to the date of this Prospectus, any interest in:

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Placement Offer; or

(c) the Placement Offer,

and no amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given to any of these persons for services rendered by them in connection with the formation or promotion of the Company or in connection with the Placement Offer.

Johnson Winter Slattery has acted as lawyers to the Company in connection with the Placement Offer. The Company estimates that it will pay Johnson Winter Slattery approximately $40,000.00 (excluding GST and disbursements) for these legal services.

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5.11 Expenses of Placement Offer

The estimated expenses of the Placement Offer are as follows:

Expense	$
ASIC Lodgement fee	3,206.00
ASX quotation fee	31,070.00
Legal and preparation expenses	40,000.00
Total	**74,276.00**

5.12 Consents

Each of the parties referred to in this Section:

(a) has not authorised or caused the issue of this Prospectus;

(b) does not make, or purport to make, any statement in this Prospectus other than as specified in this Section;

(c) has not made any statement on which a statement in this Prospectus is based, other than as specified in this Section; and

(d) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus other than the reference to its name and the statement (if any) included in this Prospectus with the consent of that party as specified in this Section.

The following consents have been given in accordance with the Corporations Act and have not been withdrawn as at the date of lodgement of this Prospectus with the ASIC:

(a) Johnson Winter Slattery have given, and at the time of lodgement of this Prospectus, have not withdrawn, their written consent to being named in this Prospectus as lawyers to the Company in respect of the Placement Offer in the form and context in which they are named.

(b) Link Market Services Limited has given and, at the time of lodgement of this Prospectus, has not withdrawn its written consent to being named in this Prospectus as the share registry to the Company in respect of the Placement Offer in the form and context in which it is named.

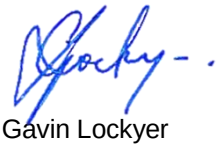
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6 Director's authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

This Prospectus is signed for and on behalf of Company by:



Gavin Lockyer
Managing Director
Arafura Rare Earths Limited

Dated: 15 December 2023

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Glossary of terms

$ means Australian dollars.

Application Form means the Application Form accompanying this Prospectus in relation to the Placement Offer.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

ASX Settlement means ASX Settlement Pty Ltd ACN 008 504 532.

ASX Settlement Operating Rules means the operating rules of ASX Settlement and, to the extent that they are applicable, the operating rules of each of ASX and ASX Clear Pty Limited ACN 001 314 503.

Business Day means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

CHESS means ASX Clearing House Electronic Subregistry System.

Company or **ARU** means Arafura Rare Earths Limited (ASX: ARU) ABN 22 080 933 455.

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means *Corporations Act 2001* (Cth).

Directors mean the directors of the Company as at the date of this Prospectus.

Eligible US Fund Manager means a dealer or other professional fiduciary organised or incorporated in the United States that is acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not US persons and for which it exercises investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act;

GST has the meaning given in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) as amended;

IAI means an "institutional accredited investor" within the meaning of Rule 501(a)(1), (2), (3), (7), (8), (9) and (12) under the US Securities Act.

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

Listing Rules means the Listing Rules of ASX.

New Options means the Options offered under this Prospectus.

Official List means the official list of ASX.

Official Quotation means quotation on the Official List.

Option means an option to acquire a Share.

Optionholder means a holder of a New Option.

Performance Right means a right to acquire a Share upon the satisfaction of conditions.

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Placement has the meaning given in Section 1.1.

Placement Investor means an institutional, sophisticated or professional investor in the Permitted Jurisdiction that subscribed for Shares under the Placement and which is:

- if it (or any person for whom it is acting) is in **Australia**, a person who does not require disclosure pursuant to section 708 of the Corporations Act;
- if it (or any person for whom it is acting) is in **Canada** (**British Columbia, Ontario and Quebec provinces only**), an "accredited investor" as defined in National Instrument 45-106 – Prospectus Exemptions ("NI 45-106");
- if it (or any person for whom it is acting) is in **Hong Kong**, a "professional investor" (as defined in the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong);
- if it (or any person for whom it is acting) is in **New Zealand**, a person who (i) is an investment business within the meaning of clause 37 of Schedule 1 of the Financial Markets Conduct Act 2013 (New Zealand) (the "FMC Act"), (ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act, (iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act, (iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act or (v) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act (and, if an eligible investor, have provided the necessary certification);
- if it (or any person for whom it is acting) is in **Singapore**, an "institutional investor" or an "accredited investor" (as such terms are defined in the Securities and Futures Act 2001 of Singapore ("SFA"));
- if it (or any person for whom it is acting) is in **Switzerland**, a "professional client" within the meaning of article 4(3) of the Swiss Financial Services Act ("FinSA") or have validly elected to be treated as a professional client pursuant to article 5(1) of the FinSA;
- if it (or any person for whom it is acting) is in the **United Kingdom**, a (i) "qualified investor" within the meaning of Article 2(e) of the UK Prospectus Regulation; and (ii) within the categories of persons referred to in Article 19(5) (investment professionals) or Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended; or
- if it (or any person for whom it is acting) is in the **United States**, either a QIB or an Eligible US Fund Manager.

Permitted Jurisdictions mean Australia, Canada (British Columbia, Ontario and Quebec provinces only), Hong Kong, New Zealand, Norway, Singapore, Switzerland, United Arab Emirates (excluding financial zones), United Kingdom and the United States.

Placement Offer has the meaning given in Section 1.1.

Prospectus means this prospectus dated 22 October 2022 and lodged with ASIC and includes any supplementary or replacement prospectus.

QIB means a “qualified institutional buyer” as defined in Rule 144A under the US Securities Act.

Registry means Link Market Services Limited.

Section means a section of this Prospectus.

Security means a Share, Option or Performance Right.

Shareholder means a holder of Shares.

Share means a fully paid ordinary share in the capital of the Company.

US Securities Act means the US Securities Act of 1933.